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INTELLIGENCE

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FAA officials are working closely with Sperry/Honeywell engineers to determine whether a software design error identified in the SPZ-8000 flight guidance computer used in the Gulfstream IV may show up in SPZ-8000 installations on other business jet models (see related story on Page 26).

TENNESSEE insurance officials have received final filings and are auditing financial data submitted by PETROMARK in connection with the establishment of a risk retention insurance program for operators of underground storage tanks (BA, Jan. 11/9). Final approval by the state is expected within a few days, clearing the way for PETROMARK to begin insuring tank owners, including fixed-base operators.

WHITE HOUSE has put out the word that President Reagan would veto any legislation to separate FAA from the Transportation Department. Despite that threat, Rep. James Oberstar, chairman of the House Public Works oversight subcommittee, said he plans to introduce a bill similar to Sen. Wendell Ford's S.1600 to separate FAA from DOT (BA, Dec. 21/194).

NATA ASKS COURT OF APPEALS TO STAY ENFORCEMENT OF SFAR 52;

FAA SAYS IT MAY GRANT INDIVIDUAL EXTENSIONS UNTIL DEC. 1, 1988

National Air Transportation Association Friday asked the U.S. Court of Appeals in Washington, D.C. for a stay prohibiting FAA from enforcing the provisions of Special Federal Air Regulation 52 (SFAR 52), which requires the installation of fire-blocking materials in commercial aircraft. Specifically, NATA is seeking a delay in SFAR 52 as it applies to on-demand air taxi and commercial operators operating under Part 135 of the FARs.

An FAA spokesman told BA late Friday that the agency has received "25 or so" requests for extensions from individual operators. In SFAR 52, FAA stated that "at this time, FAA knows of no circumstances under which it could approve a compliance plan substantially longer than 90 days", i.e. not longer than May 24. Noting that those requests for extensions will be reviewed individually, the FAA spokesman said officials have now decided that operators "who can make a good case" for additional time, may be given until Dec. 1, 1988 to complete installation of the fire-blocking materials. Today (Jan. 25) was the deadline specified in SFAR 52 by which operators had to request an extension; it was not immediately clear Friday if FAA would accept extension request after that date.

The request for a stay, filed Friday afternoon before FAA officials said individual extensions might be granted until Dec. 1, reiterates many of the points NATA had raised earlier in petitions to FAA (BA, Jan. 4/1), including allegations that: FAA violated the notice and comment requirements of the Administrative Procedures Act; neither the original 1983 notice of proposed rulemaking on the fire-blocking requirement, nor the 1984 final rule "identified, discussed or evaluated any of the practical, operating, usage, safety or economic factors concerning this category of Part 135 aircraft"; extension of the 1984 rule to air taxi and commercial operators would be "arbitrary, capricious, discriminatory and an abuse of agency discretion..."; and, the entirety of the agency's action constitute a deprivation of valuable liberty and/or property interests of air taxi and commercial operators, in violation of the 5th and 14th Amendments to the U.S. Constitution.

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1987 GAMA SHIPMENTS

	<u>Units</u>	<u>Billings (Mil)</u>	<u>Percent Change (Units)</u>
Single-Engine Piston	613	\$80	-37.8%
Multi-Engine Piston	87	\$18	-37.0%
Turboprop	263	\$477	+5.2%
Jet	122	\$789	0.0%
Total	<u>1,085</u>	<u>\$1.364 Billion</u>	<u>-27.4%</u>

GAMA Chart

DYNACORP ACCEPTS PRESIDENT'S OFFER; ENDS AGREEMENT WITH CHAIRMAN -- DynCorp President Daniel R. Bannister has apparently won the battle for control of the company between himself and Chairman Jorge E. Carnicero (BA, Jan. 11/13). DynCorp said it terminated a merger agreement with a group led by Carnicero—agreeing to pay the group \$5.5 million in topping fees—and entered into a merger agreement with a group led by Bannister. Bannister's group, called DME Holdings Inc., has received financial commitments, the company said. Under the agreement, the group's DME Acquisition Co. will be merged into the company with DynCorp becoming the surviving entity.

GAMA: TOTAL BUSINESS JET SALES IN 1987 WERE HIGHEST SINCE 1973 -- While overall sales of new general aviation aircraft in 1987 were lower than at any time since World War II (BA, Jan. 18/19), the General Aviation Manufacturers Association said retail sales of both new and used business jets last year were at the highest level since 1973. GAMA said retail sales of both new and used business jets last year totaled 760 aircraft, compared to 420 in 1977 and higher than at any time since 1973. Only 122, or 16 percent of total jet sales were new aircraft.

Stimpson said that while "American industry continues to recognize the value of business aircraft...the top industries buying aircraft have changed. Today, the finance, insurance, real estate and service industries are the most frequent buyers of business jets," as sales to those segments of the economy have more than quintupled since 1977 (see charts on the backs of Pages 26-29). Stimpson also noted a sharp rise in the number and value of new aircraft exported last year. Exports accounted for 41 percent of all new units produced by U.S. manufacturers in 1987 and 35 percent of total aircraft billings, a situation that he attributed to favorable foreign exchange rates.

FEDERAL EXPRESS CONVERTS 90 CARAVAN OPTIONS TO ORDERS -- Federal Express Corp., which previously took options on 90 additional Cessna Caravan I aircraft, has converted those options to firm orders, which will increase its Caravan fleet to 199 aircraft when the latest 90 are delivered. Federal Express, which put its first single-engine Caravan in service in March of 1985, has taken delivery of 98 of the aircraft. Deliveries of the latest order will begin in May at a rate of four aircraft per month and the last plane is scheduled to enter service in August of 1990. Federal Express originally ordered 30 of the Cargomaster version of the aircraft and later ordered nine more Cargomasters and 70 of the larger Super Cargomaster version. The latest 90-aircraft contract is for Super Cargomasters, which incorporate a four-foot fuselage stretch in addition to the cargo pod on the bottom of the fuselage.

BRITISH AEROSPACE, INC. ANNOUNCES EXECUTIVE APPOINTMENTS -- British Aerospace, Inc. has made several senior executive appointments in conjunction with a planned expansion of the company's sales force in North America. Previously having direct sales and contracting responsibility for the Jetstream 31 and BAe 800 programs only, BAe, Inc. will now have responsibility for the BAe 146 and Advanced Turboprop programs as well. Included in the promotions are Alan Hughes to senior vice president-marketing; Anthony Ennis to vice president-airline sales; Stephen O'Sullivan to vice president-commercial contracts; and Linda Neely to vice president-human resources.

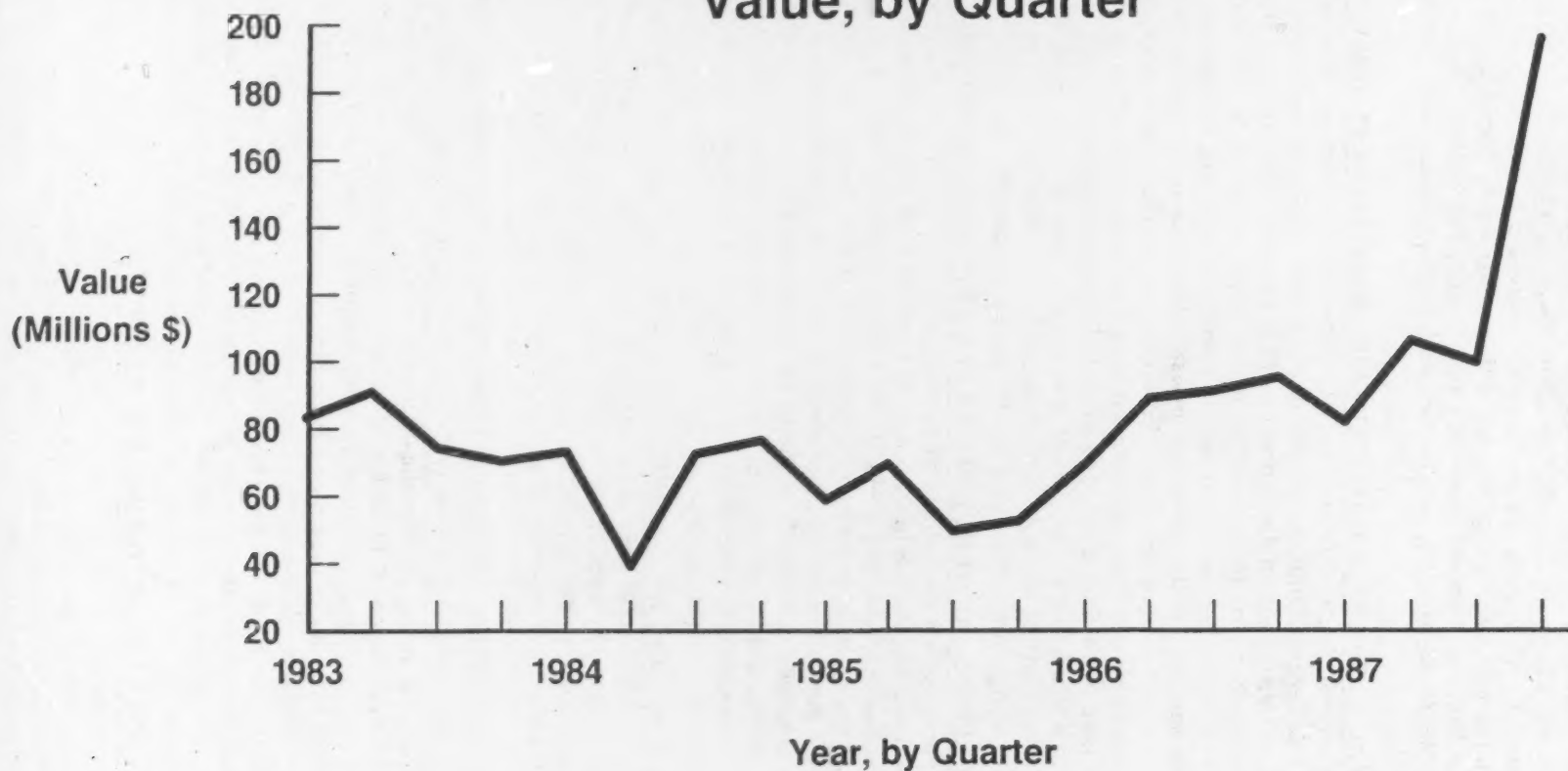
CANADIAN FIRM PRODUCES NEW DE-ICER FOR REGIONAL CARRIERS -- Mid-Canada Equipment Sales, Winnipeg, has developed a new de-icer for the regional airline marketplace that it says costs less than one-third the price of larger units currently on the market. Unit called the "Old Faithful De-Icer," was developed to meet the requirements of Air Ontario and is self-propelled, can be operated by a single person and is capable of servicing aircraft up to 30 feet high with a T-tail configuration, such as the de Havilland Dash 8. Firm specializes in rebuilding de-icers for major carriers, although none existed that would meet the Air Ontario specifications, according to General Manager Doug Eryou. In addition, the larger truck-mounted units available can be dangerous when operated around smaller aircraft. Eryou said he expects to be able to deliver the unit to U.S. customers for about \$25,000. Four of the units will be delivered to Air Ontario.

AAR RELOCATES TO ACCOMMODATE GROWTH -- AAR Technical Service Center Corp. has relocated and expanded its West Coast repair station from Hawthorne, Calif. to a facility in Torrance, approximately 15 miles south of Los Angeles International Airport. Facility will expand its hydraulic capability to include accessory overhaul for regional commuter airlines, and a specialized range of pneumatic fuel and electrical accessories for the JT8D engine.



EXPORTS OF GENERAL AVIATION AIRCRAFT

Value, by Quarter



GAMA Chart



PERCENT OF GAMA PRODUCTION EXPORTED

	<u>Units</u>	<u>Dollars</u>
1983	19%	21%
1984	14%	16%
1985	17%	16%
1986	29%	27%
1987	41%	35%

GAMA Chart



WHO BUYS BUSINESS JETS? TOP FIVE INDUSTRIES, NEW AND USED BUYERS (U.S. ONLY)

1977 (Units)

1. Aviation (78)
 2. Oil (63)
 3. Services (36)
 4. Finance, Insurance,
Real Estate (28)
 5. Machinery (25)
-

Total Sales = 420 Aircraft
Percent New = 50%

1987 (Units)

1. Finance, Insurance,
Real Estate (160)
 2. Aviation (131)
 3. Services (86)
 4. Retail (48)
 5. Wholesale (33)
-

Total Sales = 760 Aircraft
Percent New = 10%